
Summary of Local Affordable Housing Aid (LAHA) Preliminary Distributions Factors Certified for 2025

The annual appropriation for Local Affordable Housing Aid comes from a sales and use tax imposed within metropolitan counties as defined in [Minnesota Statutes, section 473.121, subdivision 4](#). The counties are Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington. These counties and the cities with a population over 10,000 within these counties are eligible to receive aid.

Proceeds from the sales and use tax will be deposited in the Housing Assistance Fund and distributed as follows:

- 25% to the metropolitan city aid account
- 50% to the metropolitan county aid account
- 25% to the state rent assistance account

Note: The amount distributed to the state rent assistance account is separate from the Local Affordable Housing Aid program and administered by the Minnesota Housing Finance Agency.

This summary is for the preliminary distributions factors that must be certified by August 1 of the year prior to aid payment. The distribution factors are preliminary because at the time aid is calculated in June 2025, the factors will be updated to use the data available as of May 1, 2025.

Aid amounts will be calculated using the account balances as of June 1, 2025, and posted before the first-half payment is made on July 20, 2025.

2024 Law Changes

Local Affordable Housing Aid was created by the 2023 Legislature and was amended by the 2024 Legislature. Amendments by the 2024 Legislature included:

- Adding a definition of locally funded housing expenditures to include use of unrestricted local government money on a wide variety of housing-related expenditures.
- Amending use of proceeds by adding the funding of operations and supportive services to the list of projects on which the aid may be spent, including costs of operating an emergency shelter, transitional housing, supportive housing, or publicly owned housing.
- Amending qualifying projects by deeming funds committed to a project within three years of receipt as spent for the purpose of the three-year spending deadline, provided that the funds are expended in the following year. Requiring of reports to Minnesota Housing of current expenditures and cuts to those expenditures
- Requiring that aid recipients must commit to using the aid to supplement, not supplant, their existing locally funded housing budgets. Local governments must also report to Minnesota Housing on their locally funded housing expenditures and any cuts to those expenditures.
- Beginning with aid paid in 2025, requiring Minnesota Housing to notify the Department of Revenue if an aid recipient fails to meet the requirements of the new Minnesota Statutes 2023 Supplement, section 477A.35, subdivision 5a. If that happens, the aid recipient must repay the aid they received to the Minnesota Housing Finance Agency, which is the same consequence for using funds for a project that does not qualify. The Department of Revenue must stop aid payments upon the aid recipient's request.

Counties

The county distribution factor is the number of households in a county that are cost-burdened divided by the total cost-burdened households in the seven metropolitan counties. A “cost-burdened household” is one in which the gross rent is 30 percent or more of household income or in which homeownership costs are 30 percent or more of household income.

For 2025 preliminary distribution factors, the data used was used the most recent estimates provided by the American Community Survey of the United States Census Bureau as of May 1, 2024. This was the five-year estimate ending in 2022 from Table DP04, Selected Housing Characteristics, as accessed at <https://data.census.gov/table?q=DP04&tid=ACSDP5Y2022.DP04> and then filtering by Geography > County > Minnesota > All Counties in Minnesota. The characteristics used were:

- Selected Monthly Owner Costs as a Percentage of Household Income, Housing Units with a Mortgage, 30.0% to 34.9%
- Selected Monthly Owner Costs as a Percentage of Household Income, Housing Units with a Mortgage, 35.0% or more
- Selected Monthly Owner Costs as a Percentage of Household Income, Housing Units without a Mortgage, 30.0% to 34.9%
- Selected Monthly Owner Costs as a Percentage of Household Income, Housing Units without a mortgage, 35.0% or more
- Gross Rent as a Percentage of Housing Income, Occupied Units Paying Rent, 30.0% to 34.9%
- Gross Rent as a Percentage of Housing Income, Occupied Units Paying Rent, 35.0% or more%

Cities

The city distribution factor is the number of households in a city that are cost-burdened divided by the total cost-burdened households in eligible cities. A “cost-burdened household” is one in which the gross rent is 30 percent or more of household income or in which homeownership costs are 30 percent or more of household income.

For 2025 preliminary distribution factors, the data used was used the most recent estimates provided by the American Community Survey of the United States Census Bureau as of May 1, 2024. This was the five-year estimate ending in 2022 from Table DP04, Selected Housing Characteristics, as accessed at <https://data.census.gov/table?q=DP04&tid=ACSDP5Y2022.DP04> and then filtering by Geography > Place > Minnesota > All Places in Minnesota. The characteristics used were:

- Selected Monthly Owner Costs as a Percentage of Household Income, Housing Units with a Mortgage, 30.0% to 34.9%
- Selected Monthly Owner Costs as a Percentage of Household Income, Housing Units with a Mortgage, 35.0% or more
- Selected Monthly Owner Costs as a Percentage of Household Income, Housing Units without a Mortgage, 30.0% to 34.9%
- Selected Monthly Owner Costs as a Percentage of Household Income, Housing Units without a mortgage, 35.0% or more
- Gross Rent as a Percentage of Housing Income, Occupied Units Paying Rent, 30.0% to 34.9%
- Gross Rent as a Percentage of Housing Income, Occupied Units Paying Rent, 35.0% or more%